23 December 2020

Quarterly Sector Accounts (Base 2016)

Third Quarter 2020

Net lending of the economy diminished to an approximately nil balance

- The net lending of Portuguese economy diminished in the year ending in the third quarter of 2020, moving from 0.9% of Gross Domestic Product (GDP) in the previous quarter to an approximately nil balance. Gross Disposable Income (GDI) and nominal GDP decreased by 0.9% and 1.0% in the year ending in the third quarter of 2020 (-2.8% and -3.3% in the previous quarter, respectively).
- In the same period, the net lending of households' sector increased by 0.3 percentage points to 4.3% of GDP and the savings rate increased to 10.8% (10.5% in the previous quarter). This result reflected the 0.4% increase in GDI and the nil rate of change of private consumption.
- The balance of Non-Financial Corporations increased 1.0 percentage points in the third quarter, standing at -2.2% of GDP, mainly reflecting the 19.6% and 2.4% reduction in Income Tax and Gross Capital Formation, respectively. The net lending of Financial Corporations was stable at 1.9% of GDP.
- The balance of the General Government (GG) sector decreased by 2.1 percentage points in the year ending in the third quarter of 2020, representing a net borrowing of 4.0% of GDP. Considering quarterly figures and not the year ending in the quarter, the balance of GG in the third quarter of 2020 was -1 975.6 million euros (-3.8% of GDP, compared with -10.5% in the second quarter). Considering the first three quarters of 2020, the balance of the GG stood at -4.9% of GDP, which compares with +0.7% in the same period of 2019.

Despite the circumstances determined by the pandemic COVID-19, Statistics Portugal calls for the best collaboration by companies, families and public entities in responding to Statistics Portugal's data requests. The quality of official statistics, particularly its ability to identify the impacts of the pandemic COVID-19, crucially depends on this collaboration, which Statistics Portugal thanks in advance.

The current results correspond to the preliminary version of the Quarterly Sector Accounts (QSA) for the third quarter of 2020. These results reflect the effects of the progressive reopening of the economic activity, which followed the restrictive measures adopted to contain the spread of the COVID-19 pandemic, with a strong economic impact during the first two months of the second quarter.

Unless otherwise stated, the analysis and graphs presented in this press release refer to data in the year ending in the reference quarter, which eliminates seasonal fluctuations and reduces the effect of irregular oscillations. In the comparison of consecutive quarters, the rates of change between the year ending each quarter and the year ending in the previous quarter are used as a rule. Due to rounding, the sum of the components of the economic indicators presented may not coincide with the result for the total economy.

QSA aggregates are presented exclusively in nominal terms and are not seasonally and calendar adjusted. The results are available for the total economy and in detail by the following institutional sectors (see methodological notes):

In addition to the attached tables in this press release, additional information can be accessed in the section of National Accounts available in the Statistics Portugal's website:

http://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_cnacionais&xlang=en

Table 1: GDP, GNI and GDI (year ending in the reference quarter)

Year ending in the reference quarter	GDP		GNI		GDI	
	million euros	quarter-on-quarter rate of change (%)	million euros	quarter-on-quarter rate of change (%)	million euros	quarter-on-quarter rate of change (%)
2016Q3	184 774	0.9	179 799	0.8	183 531	0.7
2016Q4	186 490	0.9	181 960	1.2	185 549	1.1
2017Q1	188 448	1.1	183 891	1.1	188 036	1.3
2017Q2	190 780	1.2	186 011	1.2	190 070	1.1
2017Q3	193 087	1.2	188 348	1.3	192 706	1.4
2017Q4	195 947	1.5	191 348	1.6	195 931	1.7
2018Q1	198 034	1.1	193 939	1.4	198 368	1.2
2018Q2	200 057	1.0	195 487	0.8	200 050	0.8
2018Q3	202 488	1.2	197 801	1.2	202 425	1.2
2018Q4	205 184	1.3	200 173	1.2	204 752	1.1
2019Q1	207 348	1.1	201 942	0.9	206 466	0.8
2019Q2	209 334	1.0	204 498	1.3	209 135	1.3
2019Q3	211 158	0.9	206 351	0.9	211 018	0.9
2019Q4	213 301	1.0	208 373	1.0	213 142	1.0
2020Q1	213 166	-0.1	208 133	-0.1	213 123	0.0
2020Q2	206 215	-3.3	202 586	-2.7	207 260	-2.8
2020Q3	204 079	-1.0	200 916	-0.8	205 488	-0.9

Net lending/borrowing of the Portuguese economy close to zero

The Portuguese economy’s net lending/borrowing stood at 0.0% of GDP in the year ending in the third quarter of 2020, decreasing 0.9 percentage points comparing with the previous quarter. Nominal Gross Domestic Product (GDP) and Gross National Income (GNI) decreased by 1.0% and 0.8%, respectively, while Gross Disposable Income (GDI) diminished 0.9% in the third quarter of 2020.

The balance of property income with the Rest of the World was more negative by 0.2 percentage points, with income paid and received decreasing by 5.0% and 2.2%, respectively.

The decrease of GDI combined with the 0.3% increase of final consumption expenditure (which includes the final consumption expenditure of Households and GG), determined a rate of change of -5.7% of gross savings of the economy (-3.7% in the previous quarter). Savings in the economy represented 18.0% of GDP in the third quarter of 2020, 0.9 percentage points less than in the previous quarter.

Gross Capital Formation (GCF) decreased by 1.3%, partially offsetting the aforementioned decrease in savings, resulting in a reduction of net lending of the economy to a balance close to zero.

Table 2: Gross Saving and Net Lending(+)/ Borrowing(-) unit: % of GDP

Year ending in the reference quarter	Gross Saving	Balance of Capital Transfers with the Rest of the World	Gross Capital Formation	Net Lending (+)/ Borrowing(-)
2016Q3	16.5	1.0	16.0	1.6
2016Q4	16.5	0.9	15.8	1.5
2017Q1	16.8	0.9	15.9	1.9
2017Q2	17.0	0.9	16.3	1.6
2017Q3	17.6	0.8	16.8	1.8
2017Q4	18.2	0.8	17.2	1.8
2018Q1	18.7	0.8	17.6	1.8
2018Q2	18.6	0.8	17.7	1.7
2018Q3	18.9	0.8	18.1	1.7
2018Q4	18.5	0.8	18.3	1.2
2019Q1	18.6	0.9	18.7	0.8
2019Q2	19.0	0.8	19.0	0.9
2019Q3	19.1	0.8	19.2	0.7
2019Q4	19.2	0.8	19.0	1.0
2020Q1	18.9	0.9	19.0	0.9
2020Q2	18.9	1.1	19.2	0.9
2020Q3	18.0	1.1	19.2	0.0

Figure 1 presents the evolution of the net lending(+)/borrowing(-) of the economy by institutional sector.

The net borrowing of Non-Financial Corporations (NFC) reached 2.2% of GDP in the third quarter of 2020, 1.0 percentage points less than in the previous quarter. The net lending of Financial Corporations was stable at 1.9% of GDP in the quarter of 2020.

The GG sector presented a negative balance of 4.0% of GDP in the year ending in the third quarter of 2020, which represents an increase of 2.1 percentage points compared to the previous quarter, reflecting the increase in expenditure by 2.1% and the reduction by 2.7% in revenue.

The net lending of households' sector increased 0.3 percentage points, to 4.3% of GDP in the year ending in the third quarter of 2020.

The external balance of goods and services (see Figure 2) decreased to -1.9% of GDP in the third quarter of 2020 (-0.9% of GDP in the second quarter), due to the significant decreases of exports and, to a lesser extent, of imports (rates of change of -6.9% and -4.3%, respectively). The significant decrease in exports was determined, to a great extent, by the strong reduction in the services component, notably tourism activities.

Figure 1 - Net Lending(+) /Borrowing(-) by institutional sector (in % of GDP , accumulated sum of four quarters)

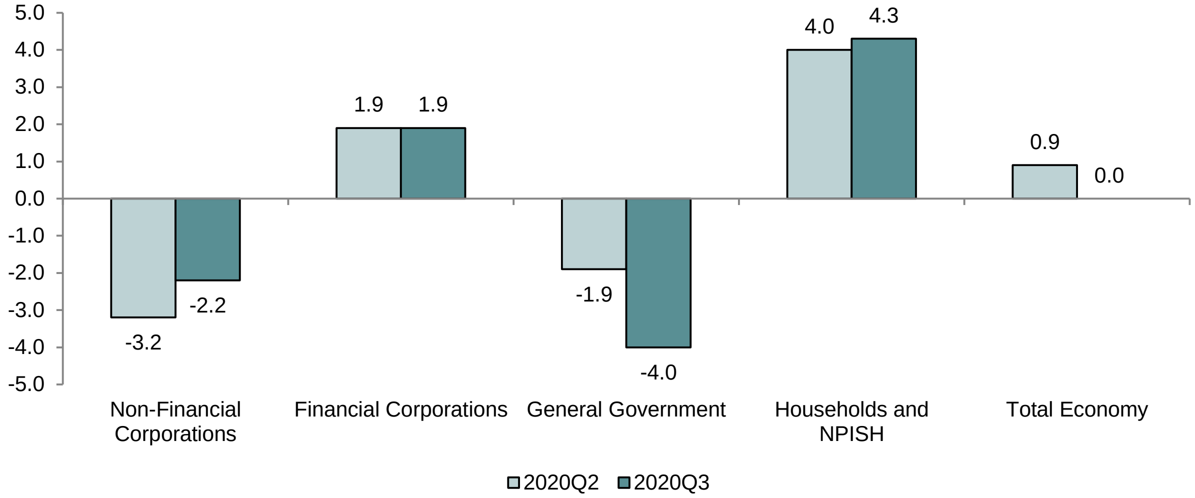
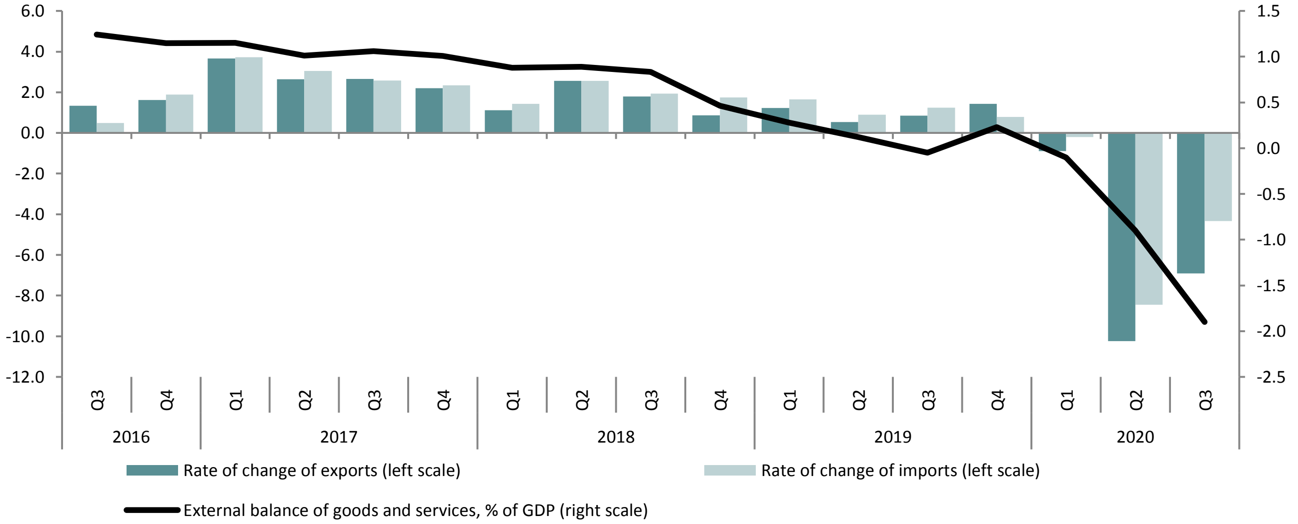


Figure 2 - External balance of goods and services
(%, accumulated sum of four quarters)



Households: net lending stood at 4.3% of GDP

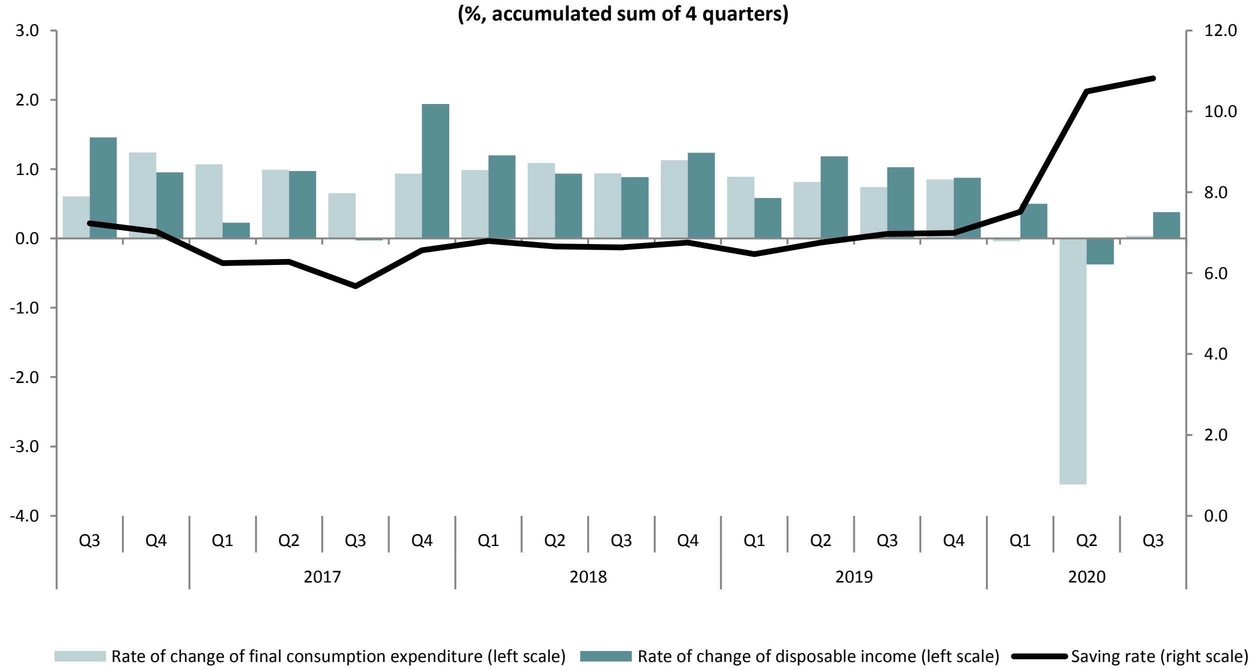
Net lending of households (includes Non-Profit Institutions Serving Households – NPISH) stood at 4.3% of GDP in the year ending in the third quarter of 2020, 0.3 percentage points more than in the previous quarter, as a result of the 0.5% increase in Gross Disposable Income (GDI). Households' saving rate increased 0.3 percentage points to 10.8% of disposable income, due to the increase in disposable income, as well as due to the nil rate of change of private consumption (-3.5% in the previous quarter).

In Table 3 that shows the breakdown of the rate of change of disposable income, social benefits and income taxes contributed 0.3 and 0.2 percentage points, respectively. Gross Operatin Surplus (GOS) and the compensation of employees received contributed -0.1 and +0.1 percentage points to the rate of change of disposable income, respectively. The positive balance of property income registered a slight reduction and a tenous contribution to the rate of change of GDI.

It should be mentioned that, in National Accounts, the deferral of interest payments on loans granted by the banking sector do not have a positive impact on the balance of property income as ESA 2010 determines the recording of these flows if they are due, even if not actually paid.

Household Investment (represented by the Gross Fixed Capital Formation - GFCF) recorded a rate of change of 1.1% in the third quarter of 2020 (0.5% in the previous quarter).

Figure 3 - Saving rate of Households and NPISH
(%, accumulated sum of 4 quarters)



The adjusted household GDI (GDIa) per capita was 16.3 thousand euros in the third quarter of 2020, which represented a slight increase of 0.4% compared to the previous quarter, while nominal GDP per capita decreased by 1.1% in the third quarter of 2020.

It should be noted that adjusted GDI differs from GDI by including the value of goods and services that are purchased or produced by GG or NPISH and intended for household consumption, such as, for example, co-payments in the purchase of medicines by households.

Table 3: Contributions to the rate of change of disposable income of Households and NPISH (percentage points, accumulated sum of four quarters)

	Compensation of Employees	Operating Surplus + Mixed Income (Gross)	Net Property Income (receivable)	Social benefits less contributions, excluding social transfers in kind	Net Transfers (receivable)	Taxes	Disposable Income
	(1)	(2)	-3	-4	-5	-6	(7) = (1)+...+(5) - (6)
2018Q3	0.9	0.3	0.0	-0.1	0.0	0.3	0.9
2018Q4	1.4	0.2	-0.4	0.3	0.0	0.3	1.2
2019Q1	0.7	0.3	-0.4	0.0	0.0	0.1	0.6
2019Q2	0.8	0.3	0.0	0.0	0.2	0.0	1.2
2019Q3	0.8	0.3	-0.1	0.1	0.0	0.0	1.0
2019Q4	0.7	0.3	0.0	0.0	0.0	0.1	0.9
2020Q1	0.6	0.1	-0.1	0.0	0.0	0.1	0.5
2020Q2	-0.4	-0.3	0.2	0.5	-0.1	0.4	-0.4
2020Q3	0.1	-0.1	0.0	0.3	-0.1	-0.2	0.4

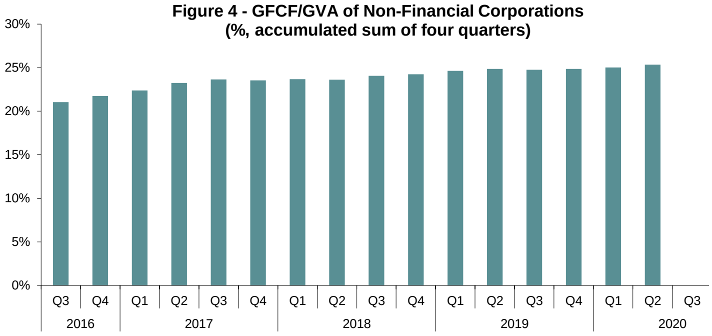
Non-Financial Corporations: net borrowing stood at 2.2% of GDP

The net borrowing of Non-Financial Corporations decreased by 1.0 percentage points, reaching 2.2% of GDP in the year ending in the third quarter of 2020..

The GVA of this sector diminished 1.4% in the third quarter 2020, determining a reduction in GOS by 2.2%, even though partially compensated by the reduction in compensation of employees paid (-0.2%) and by the significant increase in the subsidies received (30.7% increase in the year ending in the third quarter of 2020). The increase in these operating subsidies mainly reflected the payments made by the GG in the context of the special layoff regime and special regimes for the support of economic activity. In the year ending in the previous quarter, GVA and compensation of employees paid registered rates of change of -4.8% and -1.1% respectively.

The sector's operating margin rate stood at 21.8% (0.7 percentage points less than in the previous quarter). This rate is obtained by the ratio between GOS and GVA and corresponds to the percentage of value created that is intended for compensation of the financial resources invested in corporations.

Figure 4 - GFCF/GVA of Non-Financial Corporations
(%, accumulated sum of four quarters)



GFCF recorded a rate of change of 0.2% in the year ending in the third quarter of 2020, setting the investment rate (measured as the ratio between GFCF and GVA) at 25.8%, more 0.5 percentage points than in the previous quarter.

The reduction of the net borrowing of this sector in the third quarter 2020 also reflects the increase in the balance of capital transfers, determined by the recording, as capital revenue, of the financial support granted by the State to TAP - Transportes Aéreos Portugueses, S.A. (see the section with results for the GG sector for further details).

Financial Corporations: net lending was stable at 1.9% of GDP

The net lending of Financial Corporations stood at 1.9% of GDP in the third quarter of 2020, same as in the previous quarter.

The sector's GVA decreased by 1.1%, being offset by the improvement in the positive balance of property income, with the income received and paid registering rates of change of -3.7% and -4.7%, respectively.

The sector's gross savings recorded a decrease of 0.6% in the third quarter of 2020.

General Government: net balance of GG decreased by 2.1 percentage points of GDP

The net balance of the GG recorded a decrease of 2.1 percentage points in the year ending in the third quarter 2020 compared to the year ending in the previous quarter, attaining -4.0% of GDP. As shown in tables 4 and 5, this variation was due to an increase in expenditure combined with a decrease in revenue (2.1% and 2.7%, respectively).

The behavior of expenditure reflected the increases of 15.9% in capital expenditure and 1.0% in current expenditure. The change in current expenditure was due to increases in social benefits (0.8%), compensation of employees (0.9%) and subsidies (33.1%) and decreases in interest paid (2.3%), intermediate consumption (0.1%) and other current expenditure (2.2%). The positive variation of capital expenditure reflected the increase of 1.1% in investment and 43.2% in other capital expenditure.

The change in total revenue (-2.7%) was due to the decrease of its main component, current revenue, by 2.8%. This negative variation was a result of decreases in current taxes on income and wealth (6.8%), in taxes on production and imports (2.3%), sales (2.0%), and other current revenue (5.0%), whereas social contributions increased by 0.1%. Capital revenue increased 6.2%.

Considering quarterly figures rather than the sum of four quarters, the net balance of the GG was negative in the third quarter 2020, attaining -1 975.6 million euro (-3.8% of GDP), that compares with 4.4% of GDP for the same period of the previous year, as can be seen in table 6. The decrease of the net balance was a result of an increase in total expenditure, by 8.3%, and a decrease in total revenue, by 9.5%.

Table 4: Revenue and expenditure of general government in the year ending the quarter

Unit: 10^6 EUR

	2019Q3	2019Q4	2020Q1	2020Q2	2020Q3
Total revenue	**90 341.0**	**91 161.4**	**91 396.1**	**89 155.3**	**86 726.2**
Current revenue	89 643.9	90 485.6	90 670.5	88 384.7	85 907.7
Current taxes on income and wealth	20 766.3	20 849.3	20 893.8	21 282.3	19 833.9
Taxes on production and imports	31 773.8	32 065.6	31 974.7	30 510.1	29 808.2
Social contributions	24 843.8	25 274.2	25 538.4	25 046.0	25 083.3
Sales	7 356.6	7 425.1	7 329.8	6 944.9	6 809.1
Other current revenue	4 903.4	4 871.3	4 933.8	4 601.4	4 373.2
Capital revenue	697.1	675.8	725.6	770.6	818.5
Total expenditure	**90 789.6**	**90 984.4**	**91 594.1**	**93 052.6**	**94 971.6**
Current expenditure	84 262.5	84 732.4	85 169.3	86 308.1	87 155.1
Social benefits	38 309.4	38 744.8	39 039.0	39 202.9	39 508.0
Compensation of employees	22 611.6	22 905.3	23 166.1	23 318.9	23 534.1
Interest	6 545.1	6 330.7	6 160.5	6 054.3	5 916.2
Intermediate consumption	11 039.5	11 149.1	11 260.1	11 200.1	11 191.3
Subsidies	822.6	852.6	883.8	1 744.3	2 322.4
Other current expenditure	4 934.2	4 749.9	4 659.7	4 787.7	4 683.1
Capital expenditure	6 527.2	6 252.0	6 424.8	6 744.4	7 816.5
Investment (1)	3 822.6	3 887.9	3 962.3	4 375.1	4 423.3
Other capital expenditure	2 704.5	2 364.1	2 462.5	2 369.3	3 393.2
Current Balance	5 381.4	5 753.2	5 501.2	2 076.5	-1 247.4
Balance	**- 448.6**	**177.0**	**- 198.0**	**-3 897.3**	**-8 245.3**
By memory:					
Primary current expenditure	77 717.3	78 401.7	79 008.8	80 253.9	81 238.9
Gross Domestic Product at current market prices	211 158.2	213 301.0	213 166.2	206 214.7	204 079.3
Balance in % of GDP	-0.2%	0.1%	-0.1%	-1.9%	-4.0%

(1) Includes Gross capital formation and Acquisitions less disposals of non-produced non-financial assets

Table 5: Change rates of revenue and expenditure of general government in the year ending the quarter

Unit: %

	2019Q3	2019Q4	2020Q1	2020Q2	2020Q3
Total revenue	0.5	0.9	0.3	-2.5	-2.7
Current revenue	0.8	0.9	0.2	-2.5	-2.8
Current taxes on income and wealth	-0.2	0.4	0.2	1.9	-6.8
Taxes on production and imports	0.4	0.9	-0.3	-4.6	-2.3
Social contributions	1.6	1.7	1.0	-1.9	0.1
Sales	0.7	0.9	-1.3	-5.3	-2.0
Other current revenue	3.6	-0.7	1.3	-6.7	-5.0
Capital revenue	-22.5	-3.1	7.4	6.2	6.2
Total expenditure	**1.1**	**0.2**	**0.7**	**1.6**	**2.1**
Current expenditure	1.0	0.6	0.5	1.3	1.0
Social benefits	1.3	1.1	0.8	0.4	0.8
Compensation of employees	1.0	1.3	1.1	0.7	0.9
Interest	-2.8	-3.3	-2.7	-1.7	-2.3
Intermediate consumption	1.2	1.0	1.0	-0.5	-0.1
Subsidies	4.2	3.6	3.7	97.4	33.1
Other current expenditure	2.4	-3.7	-1.9	2.7	-2.2
Capital expenditure	2.9	-4.2	2.8	5.0	15.9
Investment (1)	1.8	1.7	1.9	10.4	1.1
Other capital expenditure	4.6	-12.6	4.2	-3.8	43.2

(1) Includes Gross capital formation and Acquisitions less disposals of non-produced non-financial assets

Concerning expenditure, current expenditure increased by 3.9% as a result of increases in social contributions (2.9%), compensation of employees (4.1%), subsidies (288.1%), reflecting the impact of the exceptional and temporary measures of economic activity support taken in the context of the COVID-19 pandemic. Interest paid, intermediate consumption and other current expenditure decreased by 8.6%, 0.3% and 8.6%, respectively. Capital expenditure rose by 77.8%, due to the increase of 4.6% in investment and to the increase in other capital expenditure, by 303.6%. The significant increase in other capital expenditure reflects the recording, based on the available information, of the financial support granted by the State to TAP, S.A. in the amount of 1 200 million euro as capital transfer paid. This amount corresponds to the total commitment by the State to the financing of the corporation, authorized by the European Commission as state aid, due its financial emergency situation.

The variation of current revenue portrayed the decreases in almost all of is components, namely on current taxes on income and wealth (18.4%), taxes on production and imports (8.3%), sales (7.3%) and other current revenue (22.1%), closely linked to the decrease in economic activity bred by the COVID-19 pandemic, whereas social contributions rose by 0.6%. Capital revenue recorded an increase of 34.3%, mostly explained by transfers received from the EU.

Table 7 presents the main adjustments carried out for moving from Public Accounts to National Accounts balances. Comparing the third quarter 2020 with the same period last year, is worth mentioning that the line "other adjustments" includes the financial support granted by the State to TAP, S.A.. The measure of deferred taxes that postpone the delivery of the 22 form of IRC from June to July 2020 is included in the item "other receivables – time adjustment of taxes and social contributions". The expenditure in capital injections and debt assumptions was in almost its entirety destined to public corporations classified inside GG, therefore not impacting the net balance of GG. The remaining differences between National and Public Accounting were due to time adjustment of taxes and social contributions and to GG sector delimitation, particularly corporations classified inside GG.

Taxes and social contributions are time-adjusted so that the time of recording and the moment when the activity took place are closer. Hence, due to the policy measures for fractional future payment of taxes and social contributions implemented in the context of the COVID-19 pandemic, an additional adjustment was necessary in order to include the future payments as revenue of the period when the activity took place. This temporary adjustment implied higher revenue in National Accounting when compared to Public Accounting, by around 200 million euro, of which 100 million referring to the new measure of fractional future payment of VAT. It is also important to mention that this adjustment lead to revisions of the previous quarters in order to reflect the actual values of the fractional payments.

Table 6: Revenue and expenditure of general government

	3rd quarter 2019		3rd quarter 2020		Nominal change rate (%)
	million euro	% GDP	million euro	% GDP	
Total revenue	**25 498.8**	**47.0**	**23 069.8**	**44.3**	**- 9.5**
Current revenue	25 359.1	46.8	22 882.1	43.9	- 9.8
Current taxes on income and wealth	7 881.2	14.5	6 432.8	12.4	- 18.4
Taxes on production and imports	8 411.2	15.5	7 709.4	14.8	- 8.3
Social contributions	6 162.5	11.4	6 199.7	11.9	0.6
Sales	1 869.3	3.4	1 733.5	3.3	- 7.3
Other current revenue	1 034.9	1.9	806.7	1.5	- 22.1
Capital revenue	139.7	0.3	187.6	0.4	34.3
Total expenditure	**23 126.4**	**42.7**	**25 045.4**	**48.1**	**8.3**
Current expenditure	21 748.1	40.1	22 595.0	43.4	3.9
Social benefits	10 576.9	19.5	10 881.9	20.9	2.9
Compensation of employees	5 270.3	9.7	5 485.5	10.5	4.1
Interest	1 613.1	3.0	1 475.1	2.8	- 8.6
Intermediate consumption	2 873.2	5.3	2 864.4	5.5	- 0.3
Subsidies	200.7	0.4	778.8	1.5	288.1
Other current expenditure	1 214.0	2.2	1 109.4	2.1	- 8.6
Capital expenditure	1 378.3	2.5	2 450.4	4.7	77.8
Investment (1)	1 041.0	1.9	1 089.2	2.1	4.6
Other capital expenditure	337.2	0.6	1 361.2	2.6	303.6
Current Balance	3 611.0	6.7	287.1	0.6	
Balance	2 372.4	4.4	-1 975.6	- 3.8	

(1) Includes Gross capital formation and Acquisitions less disposals of non-produced non-financial assets

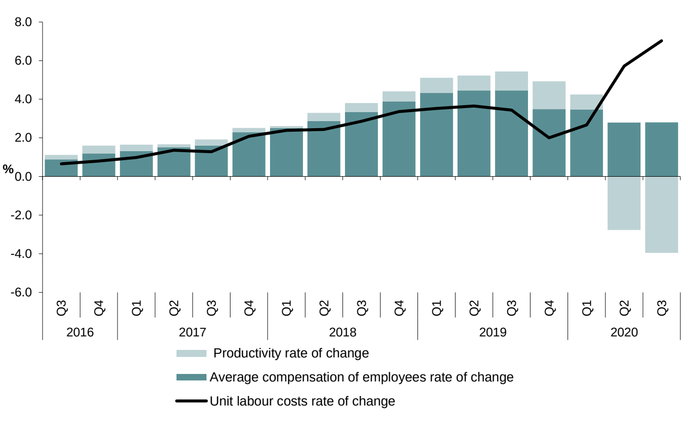
Table 7: Public to National Accounting adjustments

Unit: 10^6 euro	2019Q3	2020Q3
Balance in Public Accounting:	**3 194.9**	**1 539.9**
Accrual adjustment and sector delimitation in National Accounts	383.2	570.6
Difference between paid and due interest	- 737.1	- 614.0
Other receivables:	- 254.3	-2 047.1
Time adjustment of taxes and social contributions	*- 163.8*	*-2 045.3*
Others	*- 90.5*	*- 1.8*
Other payables:	64.2	108.5
Expenditure already incurred but not yet paid	*- 12.6*	*5.9*
Others	*76.8*	*102.6*
Other adjustments:	- 278.6	-1 533.5
of which:		
Capital injections and debt assumptions	*- 286.0*	*- 332.5*
Balance in National Accounting:	**2 372.4**	**-1 975.6**
GDP (1)	54 200.8	52 065.4
Balance in National Accounting in % of GDP	4.4%	-3.8%

Unit labour costs (ULC) increased by 7.0%

In the year ending in the third quarter of 2020, ULC registered an increase of 7.0%, which compares with the growth of 5.7% in the previous quarter. The acceleration of ULC was due to the combined effect of a more intense growth of average compensation of employees and a decrease of productivity.

Figure 5 - Unit labour costs rates of change (year ended in the reference quarter)



As mentioned in the publication of the previous quarter, it is important to note that the compensation of employees paid by corporations in the context of the special layoff regime largely explains the behaviour of ULC. With adherence to this regime, corporations continued to pay the compensation to employees, even in cases where there was no effective provision of work, thus reducing the negative impact of the decrease in activity on compensation of employees. The effect of this regime, accompanied by the reduction in the number of employees, led to an increase in the average compensation per employee, simultaneously with a reduction in productivity per employee. The firms' compensation costs were partially offset by the GG through operating subsidies, which are not reflected in the calculation of the ULC.

Methodological notes

The Quarterly Sector Accounts differ from Quarterly National Accounts since they are based on non-seasonally adjusted data unless otherwise stated, the descriptive analysis and graphs presented in this press release refer to data in the year ending in the reference quarter (which eliminates seasonal fluctuations and reduces the effect of irregular oscillations. When comparing consecutive quarters are used, in general, quarter-on-quarter change rates between the year ending in the reference quarter and the year ending in the preceding quarter. The Quarterly Sector Accounts are expressed exclusively in nominal terms.

Revision of estimates

The Quarterly Sector Accounts now presented have a preliminary status, incorporating new information with consequent revisions of the previous estimates of some aggregates.
It is worth mentioning the use of the most recent data from the Balance of Payments and the Monetary and Financial Statistics from Banco de Portugal, as well updated data on the GG sector. As a result of the incorporation of additional information after the publication on November 30, the quarterly accounts for the economy as a whole were also revised, thus ensuring the total consistency of the national accounts aggregates available on Statistics Portugal website.

Main concepts and definitions

The estimated aggregates are compiled based on the European System of National and Regional Accounts (ESA 2010), with emphasis on the following concepts:

Net lending (+)/ borrowing (-) (B.9) – The net lending (+) or borrowing (-) represents the net resources that one institutional sector makes available to the other sectors (if it is positive) or receives from the other sectors (if it is negative). The net lending or borrowing of the total economy is equal but of opposite sign to the net borrowing or lending of the rest of the world.

Final consumption – Final consumption expenditure is expenditure on goods and services used by institutional units to satisfy individual and collective needs.

Unit Labour Costs (ULC) – Measure the average cost of labour per unit of output and are calculated as the ratio of average worker compensation to real GDP by employee.

Gross Fixed Capital Formation (GFCF) – Gross Fixed Capital Formation (P.51g) consists of resident producers' acquisitions, less disposals, of fixed assets during a given period plus certain additions to the value of non-produced assets realised by the productive activity of producer or institutional units. Fixed assets are produced assets used in production for more than one year.

Gross Capital Formation (Investment) – The Gross Capital Formation (or Investment) (P.5) includes (GFCF), changes in inventories (P.52) and acquisitions less disposals of valuables (P.53).

Disposable income – Disposable income refers to the value that each institutional sector has available to affect to final consumption expenditure or saving.

Gross National Income (GNI) – Gross National Income (at market prices) represents total primary income receivable by resident institutional units: compensation of employees, taxes on production and imports less subsidies, property income (receivable less payable), operating surplus and mixed income.

Property income – Property income accrues when the owners of financial assets and natural resources put them at the disposal of other institutional units. It corresponds to the income receivable by the owner of a financial asset or an asset not produced tangible to remunerate the fact of making funds or assets not produced tangible at the disposal of another institutional unit.

Saving – This aggregate measures the portion of disposable income that is not used for final consumption expenditure. If saving is positive, the remaining income is used in the acquisition of assets or in the reduction of liabilities. If saving is negative, some assets are reduced or some liabilities are increased.

Gross Domestic Product (GDP) – Gross Domestic Product (at market prices) is the final result of the production activity of resident producer units. It can be defined in three ways: 1) production approach: GDP is the sum of gross value added of the various institutional sectors or the various industries plus taxes and less subsidies on products (which are not allocated to sectors and industries); 2) expenditure approach: GDP is the sum of final uses of goods and services by resident institutional units (final consumption and gross capital formation), plus exports and minus imports of goods and services; 3) income approach: GDP is the sum of uses in the total economy generation of income account (compensation of employees, taxes on production and imports less subsidies, gross operating surplus and mixed income of the total economy).

Institutional Sector – The institutional sector aggregates institutional units with similar economic behaviour. The institutional units are grouped into sectors on the basis of the type of producer they are and depending on their principal activity and function, which are considered to be indicative of their economic behaviour. The institutional sectors are as follows:

- Non-Financial Corporations;
- Financial Corporations;
- General Government;
- Households and Non-Profit Institutions Serving Households (Households);
- Rest of the World.

Investment Rate – Represents the ratio between GFCF and Gross Value Added (GVA).

Households saving rate – The households saving rate measures the part of de disposable income which is not spent as final consumption expenditure, and it is calculated as the ratio between gross saving and disposable income (includes the adjustment for the change in pension entitlements).

Concerning the balance of General Government in National Accounting and in Public Accounting, it should be clarified that:
In the compilation of the budget deficit in National Accounts it is necessary to perform several adjustments to the Public Accounting data. Indeed, Public Accounting data is on a cash basis, meaning that expenditures and revenues are recorded in the accounting period in which they are paid and received. On the contrary, in National Accounts, expenditure and revenue are recorded on an accrual basis, that is, in the accounting period to which they refer to, regardless of whether their payment is made or their revenue is received in a different period. Another important adjustment is related to sector delimitation of General Government. In National Accounts, the general government sector includes entities which are not considered in Public Accounting. Similarly, entities which are not part of General Government sector from a National Accounts perspective but are included in Public Accounting should be excluded.
Finally, there are transactions that, according to the framework of National Accounts, have a specific classification. Notably, there are cases of entities belonging to the General Government sector that acquire shares from other entities, which should be recorded as capital transfers rather than financial transactions, thus leading to the introduction of the corresponding adjustments.